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Remarks to
Advanced Management Program
Harvard
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By now you are well along in your course. (inaudible) we had a labor section course, a wonderful professor who died last year, Tom Kennedy. In the course of the program he took each man and assigned him alternately as labor or management. They had a specific problem and he enclosed each pair into a room to negotiate the problem. It was very entertaining. We sat there for several hours pretending we were one or the other. Kennedy would send into the room a messenger every once and a while and he would hand a telegram to the head of the labor team and say is just bankrupt, or telegram to the chief of management team and say new contract aborted but we must start work in 24 hours. Then we would come down to one of these rooms in the old building that had a great big blackboard on pulleys he had it all marked off--5 cent raise three more weeks vacation, or whatever else there was for the whole set of teams we discussed how we got to where we got. It was interesting but Professor Kennedy decided it wasn't fair that you can't be only labor or management, so we had a second go-round. The only problem was when he got to the blackboard and looked at it, Kennedy said gosh, he numbered 13 everybody else settled in the range of 5 to 7 cents and you went to 17 what happened. Management team leader looked up and said well, when that telegram arrived, Kennedy said, what telegram, I didn't send any telegram. (inaudible)

What I would like to do for a few minutes today, because I really would like to respond to your questions is to lay out if you don't mind another case study, because the amount of change that is taking place today in your nation's intelligence community is a very interesting case study. I would like--there are three impacts from the changes we are making in intelligence, that are very similar, to what I suspect, is the impact of taking a successful private family business and going public with it. You often do that because you need a standard product line, you need more capital. So our product line has changed too. Thirty years ago it was largely military intelligence about the Soviet Union. Today it is political, economical and military intelligence. We have a whole new than we ever had before. Secondly, you also have to modernize, automate, computerize your production line itself. Harvard has some line changes too. The burgeoning capabilities of new technical intelligence collection the air, land and sea signals intelligence intercept systems. Signals going through the air around us are simply spectacular. You, the American business community which helps develop these sophisticated technical capabilities for intelligence and military spheres. But this product line has to be integrated with the old one, however, which is the human intelligence, the spy, traditional. Haven't put the spy out of business. Broadly speaking what you get from these technical systems is information about what happened in the past.

When I say that to somebody, a decisionmaker, he says, Stan, what happened? What is going to happen tomorrow--that is the forte of the human intelligence agent. Gets in and finds out why, and what people are thinking and what their plans are. So the two are complementary, but its a great challenge to us to make the two enmesh, so that you don't go out and misuse a spy when you can get it from these other means.

So the third impact which must be similar to the family business going public is that for the first time you are under scrutiny. You are under public scrutiny. Here you may have to report to a couple of senators maybe a couple of appropriation committees, in the press alot. what we do is public. Now in trying to play my role, and ask you to solve the case for me, I want to point out I have some problems here the family business doesn't have when it goes public. Besides the new spies, the new production line, under much more scrutiny than stockholders and the public in general. is we don't know if this will work. It has never been tried before. Never in history has an intelligence operation of a major size been this public, as open as we are today.

There is nothing wrong with it its been proven technique.

Can you make a secret intelligence operation accountable in a public way like this and still make it do the job it is necessary in terms of gaining information for our country. And I ask you to bear with me, because the problem I have now is with the boys in the back room, the boys in the back room who hope and wonder if they wait me out, dig in

their heels in a course of time won't it be like it was in the good old days when you didn't have all these Congressmen running around. Then you get help from stories like that in the paper in the last few days, that we blew it in Iran and the reason we blew it was because we have all these changes, and really let them do whatever they want, go back to the good old days. Well, maybe we should turn back some, but there is no way in my opinion, we can go back to 1952 in Iran. The world has changed around us, our society has changed ideals and standards for these kinds of things. The relationship of the intelligence community to that in government, the public has changed. And though most of us thinking employees recognize these changes, and that they are not going to be reversed overnight, it is still tough for many of them to be accepted. When you have a new product and production line, you require new skills. You have a policy of greater openness you have to have attitudes to operate in that environment. That of course, as you can well appreciate, endangers many people, makes them feel ill at ease, makes them feel threatened by these circumstances. My problem, ladies and gentlemen, is how to bring this system along. To get the people willingly to adapt the process of this new environment, this new rule of the game and at the same time still keep producing information that is vitally needed by our government. That is the case study. I really at this point would like to drop out and ask you to solve it for me. I would like to ask you to tell me how you would go about motivating people. Shifting the organization, taking its relationship to the Defense Department, the State Department

the White House, Congress, all of which are major challenges before us, but because I don't have professorial status here, I don't guess I can't just ask you to solve them for me, and I haven't solved them. But let me tell you a few of the things I am trying to do and then seriously ask you to comment.

I think some extraordinary remedies are needed in a circumstance like this. I have tried a number of things, but just let me point out a half-dozen rather quickly. One is I have had a job of trying to demonstrate to the organization, although I am basically an outsider months now, I am working for the organization not against it.

Yet, if you still believe the old way of doing it was still right, it would have to hurt what I am doing in many ways in being against the organization. And it is difficult also because this is a organization. The CIA is a very highly compartmented, secretive group, and with due purpose. If you are working an agent in country X, you don't really want your mate down the hall who is working agents in country Y to know about it. Because there is no need to for some of our people to know any secrets, the higher the possibility of talk. So, I come into the room and say, Joe, tell me what is going on in this area of the world, he tells me everything he knows.

Three days later, I'm talking to Bill and I ask him what's going on and he tells me an awful lot of things that I thought I was supposed to get from Joe, but Joe didn't know.

Are they holding out on me. But the problem of getting a

understanding is difficult under this kind of circumstance. So, I work very hard. My second point is to try to open better communications now . You can see how two people down the hall from each other in two different areas don't really communicate fully, the whole system has not developed over the years a sense of importance of internal communication up and down the ladder. That is the system where Bill can say, how much can I communicate with you. You have got to communicate an awful lot from management information let alone information you don't have to communicate about techniques in the operations of intelligence. Again, compartmentation of secrecy is my own very problem of publicity, if your not talking about secrets. For instance, I have originated something called the Director's Notes. Once every month or so, then on a regular schedule, every so often I sit down and dictate my thoughts about things that are going on that I think the employees may be interested in, and I have found the one way to get them out is to send one to every employee. So we do that, but every time I write that, I know I have got to be prepared for it to appear in the Washington Post tomorrow morning. So, I can't always tell them everything, can't always be told .

Thirdly, something you all can do, you've got good leverage and you're moving in one direction and they are not coming along, then fire them, retire them, replace them or move them laterally into non-line jobs or new jobs that aren't .

Accordingly, you also at the same time have a lot of emphasis on the whole personnel management program, because you have to encourage

the younger, brighter people, that there is under this new approach, new regime, a real place for them in the future. I think the personnel system would like a family business, but when you are shifting from hand-tailored production line to a computerized production line you don't need the same kind of skills doesn't have to have with computer skills, you better not assign him to that job. So, we are retooling the whole personnel management system trying to make sure it is up-to-date with the new requirements.

Simply try to maintain a sense of importance and quality of the kind of contribution these individuals are making. I don't know of any greater motivation or sense of morale or pride than feeling . It is hard to do, particularly when we get beat around the press all the time, as we did on Iran last week. Sure, we missed it, but I don't know who else predicted it either. That's the most difficult part of intelligence is to predict political intelligence around the world. The Central Intelligence Agency, in my opinion, is producing first class product. The President and every top policymaker acknowledge very graciously. You have to somehow try to get that word out to the people who are doing it. So they understand, whether they like the changes or not, we are still doing what is vital to our country.

Finally, despite the fact that it is a large organization,

I try to be dynamic enough to get around and get into every department in the pot and take a lot of time to get into every department and everybody's business. I try to get in ask a few questions, write a few memos, I always write in red pencil, red felt pens. Last Christmas I got 2 or 3 wrapped up boxes, inside it was a conventional, 15 cent red felt pen. Know what to do with it, took it out and started to write with it,

So, I hope by stirring the pot in lots of places you begin to make people think understand the direction you are trying to go.

Unfortunately, I find I have to keep going back and quoting Mark Twain, you remember when he read his obituary one morning in the newspaper, his comment was, reports of his demise were grossly exaggerated. Unfortunately, I have to do that rather regularly. I don't know how it will go over a period of time, but is very exciting, it is a great management challenge a very substantive challenge to understand what is going on around the world, to try to evolve the process of intelligence here that is a uniquely American process that has never been tried before on this scale of openness. It is a process that is evolving, technically and substantively in very great times. Yet, at the same time we continue producing what is needed and to feel a sense of responsibility that in five or ten years, this program will still be on a track. Still give the American public the kind of assurances they wanted out of the accusations of abuse in the intelligence world of the past. Yet, preserve those necessary capabilities to get the job done. Let's have your comments, your questions and your suggestions please.

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Q. (Inaudible)

A. Accountability, that is accountability gives you a much greater sense of responsibility know that you are making a tough decision on whether to take a risk or not. You are going to have to account for that at some point. You weigh it very judiciously. We now are more careful in weighing the benefits and the risks only I can take a sensitive intelligence operation. The downside of that, if you not careful, is obviously intelligence by timidity and that is a popcorn. So we are intelligence minds. There have been mistakes in the intelligence community in the past. I do want to build a framework so they won't reoccur. I am worried that in two or three years from now there is a referring to some abuse. Having been battered as badly as the community has in the past four years, would it survive as badly in another time. So, while I don't want to get so timid and avoid abuses or mistakes by not doing anything I think there is a real value in the oversight.

Q. I was impressed with your comment about human resources I can't help but wonder to what extent the imperiled on the would you care to comment

A. (Inaudible)

- Q. Admiral to what extent, or could you distinguish rather between your mission and national's and military and then comment on what extent they are in the same pit bowl with you.
- A. My mission and who? The National Security Agency and military intelligence. The National Security Agency and military intelligence. I have two jobs. I am the Director of Central Intelligence which is the overall coordinator of the national intelligence effort of the country. I am also the Director of the Central Intelligence Agency. In the former capacity, I have authority over both the National Security Agency, which is the one that collects signals intelligence, and military intelligence agencies. (Inaudible) case study because in addition to these internal change factors I emphasized, there were a great many external ones that were going through at the same time. new authority as the Director of Central Intelligence to control the budget of the National Security Agency and military intelligence, as well as the budget of CIA and to control tasking of those agencies. That is, when they go out collecting for me, my authority tells them get this or get that. In order to bring it all together, as I was mentioning, getting

the technical and the humint, so as to have that technical integrated and complementary. Both agencies still operate under the management of the Secretary of Defense. He handles their day-to-day housekeeping and overall manning, and staffing and directing and so on. It is a split authority with my being budgeteer and the director of day-to-day operations.

Q. (Inaudible)

A. The biggest impact on our relations with foreign intelligence agencies is the deliberation of information in our government today. (inaudible) The foreign intelligence services cooperate with us and share information with us (inaudible) (Inaudible) We can't retain the kind of close working relationships we have with allied intelligence services. On the other side, as far as our changes are concerned, to the degree they feel (inaudible) I don't believe it does. What we are open about is the product of intelligence and it can be declassified. We don't talk about how we go about collecting intelligence. The more we are open about the product the more we can declassify and make available to you, particularly you in the business community, the better (inaudible) When too much is secret you don't respect it. By reducing the corpus I hope to engender respect and therefore what remains better.

Q. (Inaudible)

A. Good question. The answer to your first recourse is no, no, no. We are not trying to set a policy or be political or otherwise. We stay clear of policy making. I did mention that in the President's reorganization last January, (inaudible) budgeting and tasking, very clearly did not strengthen my hand over the evaluation of the information process. In the State Department there is an analytic bureau, the Defense Department (inaudible) I feel they are dedicated and the system is so constructed that I must encourage competition between all these analytic organizations. They are all working from the same data base and want to share we let them. We try to harmonize that, it is very costly and very risky. So, we do want to have centralized control in the budget side, but in the analysis side no. My only control is that I do have authority to say, you will help me do this estimate for national purposes, but I can't tell you what your opinion should be, nor do I scope of what they are studying with all the rest of their assets that aren't on these few things in all these other analytic agencies. In addition, I have very deliberately tried to encourage presentation of dissenting views it is always in the habit in intelligence if you and you don't agree (inaudible) Your view and dissent is worthy of a good hearing (inaudible) It isn't necessarily comparable in the way its structured to what is in the text and the decision maker can't make a choice between them because there are different assumptions behind the text and the book. If I made a flat rule, that if its worthy of a dissenting view and an estimate, it goes up in the text and say, the view of the DCI, the

is likely to start on Monday for the following
two reasons.

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STATSPEC

Q. Inaudible

A. Open intelligence is very important.

STATSPEC

We read reports from our State Department officers around the world, who are not out spying, they are talking to people in the street on unclassified business. We have a great many professors in universities who help us keep abreast. Not because we give them secret information and help them make an evaluation for us, but because we know they are studying these things on their own. Still, I must say the addition of the secretive element frequently is very helpful in the process. So, we try (inaudible) percentages don't tell you necessarily. More important in the military sphere to have the secret information than in the political and more important in the economic than the political.

Q. (Inaudible)

A. Well, I am accountable to two, one is the Executive Branch through the National Security Council and the President,

and I am accountable to two committees over in Congress, dedicated exclusively to overseeing intelligence. How much? There are things specific that I have to report on, beyond that it's my judgement, but because I am being held accountable

I am required by law, except on certain methods of collecting intelligence, so when I am accounting to anybody I always have to make a judgement, what is the risk I will compromise (inaudible)

Enough details to let my overseers judge whether I am doing the job properly, within the limits of the law, within the limits of the standards set before me by the President, or whether how much detail I have to give to give the overseers their reasonable opportunity too. In each case it is individual trust (inaudible)

I think we are in the middle of the process now, it will take several years to settle out. I am encouraged in the direction we are going, we could loose it all if we go overboard. On the other hand, we don't want to return to mistakes of the past. (inaudible)

Q. Inaudible

A. (I cannot understand what is being said-just a continuous humming)

The end

